

Message Text

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ACTION ARA-20

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RSC-01 DODE-00 DOTE-00 EB-11 OMB-01 TRSE-00 SAB-01

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C O N F I D E N T I A L PANAMA 1744

E.O. 11652: GDS

TAGS: PFOR, PN, PQ

SUBJECT: 1950 HIGHWAY CONVENTION--TERMINATION OF

REF: TIAS 3181 AND MODUS VIVENDI AGREEMENTS

SUMMARY: ON MARCH 13, 1974, PANAMA REVIEW COMMITTEE (PRC) REITERATED AGREEMENT THAT 1950 HIGHWAY CONVENTION SHOULD BE TERMINATED. ACTION REQUIRED: EMBASSY CONCURS IN PRC AGREEMENT AND RECOMMENDS THAT EMBASSY BE AUTHORIZED TO INFORM GOP IN WRITING NOT LATER THAN APRIL 10, 1974, IN ACCORDANCE WITH PARAGRAPH 3, ARTICLE XI, 1950 HIGHWAY CONVENTION, OF OUR INTENTION TO TERMINATE AGREEMENT ON APRIL 11, 1975.

1. HIGHWAY CONVENTION BETWEEN UNITED STATES AND PANAMA OF 1950, WHICH ENTERED INTO FORCE ON APRIL 11, 1955, BEGIN QUOTE SHALL REMAIN IN FORCE FOR TWENTY YEARS AND THEREAFTER UNLESS TERMINATED IN ACCORDANCE WITH PROVISIONS OF PARAGRAPH 3 OF THIS ARTICLE (XI) END QUOTE. UNDER 1950 HIGHWAY CONVENTION, IN RETURN FOR CERTAIN OBLIGATIONS ASSUMED BY PANAMA, UNITED STATES INCURRED RESPONSIBILITY FOR MAINTENANCE AT ITS EXPENSE FOR PORTION OF BOYD-ROOSEVELT HIGHWAY
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(TRANSISTHMIAN--PANAMA CITY TO COLON/CRISTOBAL).

ALTHOUGH VARIOUS AGENCIES OF USG HAVE, AT ONE TIME OR ANOTHER, BORNE MAINTENANCE EXPENSE, DEPARTMENT OF ARMY HAS CARRIED FINANCIAL BURDEN DURING RECENT YEARS.

2. ON JANUARY 21, 1970, PANAMA REVIEW COMMITTEE (PRC) EXPRESSED ITS AGREEMENT, IN WHICH STATE AND DEFENSE CONCURRED, THAT 1950 HIGHWAY CONVENTION SHOULD NOT REPEAT NOT BE EXTENDED BEYOND ITS TWENTY YEAR LIFE, THEREBY TERMINATING RESPONSIBILITY FOR MAINTENANCE. PRC CONSIDERED MAINTENANCE OF BOYD-ROOSEVELT HIGHWAY IMPOSED BURDEN ON USG WHICH COULD NOT BE CARRIED OUT SATISFACTORILY BECAUSE GOP, WHICH COMPLAINED REPEATEDLY CONCERNING DETERIORATED CONDITION OF HIGHWAY, WAS NOT FULFILLING ITS OBLIGATIONS TO PREVENT ENCROACHMENTS ON RIGHT-OF-WAY AND ENFORCE WEIGHT LIMITS ON HEAVY TRUCKS ENGAGED IN COLON-PANAMA CITY FREIGHT TRAFFIC WHICH WERE DESTROYING HIGHWAY.

3. DEPARTMENT OF ARMY WAS ANXIOUS TO TERMINATE ITS RESPONSIBILITY FOR MAINTAINING LARGELY PUBLIC HIGHWAY IN FOREIGN COUNTRY. MAINTENANCE COSTS HAVE AVERAGED APPROXIMATELY \$1.0 MILLION ANNUALLY. DECISION WAS MADE TO OBTAIN FUNDS FROM CONGRESS TO REHABILITATE BOYD-ROOSEVELT HIGHWAY SO THAT HIGHWAY CONVENTION COULD BE TERMINATED AND RESPONSIBILITY FOR MAINTENANCE PASSED TO GOP. REHABILITATION FUNDS OF \$6.8 MILLION WERE OBTAINED AND WORK IS NOW IN FULL PROGRESS AS CONTRACT NO DACA01-72-C-0140 WITH UNITED STATES ARMY CORPS OF ENGINEERS. AS OF MARCH 25, WORK IS APPROXIMATELY 60 PERCENT COMPLETE AND PANAMA AREA ENGINEER ESTIMATES COMPLETION OF WORK BY LATE AUGUST OR EARLY SEPTEMBER 1974, WELL BEFORE TERMINATION DATE OF APRIL 11, 1975.

4. DURING 363RD MEETING ON JULY 5, 1973, PRC AGREED THAT AMBASSADOR SHOULD SEND STATUS REPORT TO GOP CONCERNING EXTENSIVE REHABILITATION UNDERWAY OF BOYD-ROOSEVELT HIGHWAY, SUGGESTING THAT HIGHWAY COULD BE TURNED OVER TO GOP IN EXCELLENT CONDITION. ON JULY 17, 1973, EMBASSY SENT NOTE NO. 128 TO FONOFF REPORTING ON STATUS OF WORK AND NOTED, INTER ALIA, BEGIN QUOTE CONFIDENTIAL

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DESPITE THE DELAYS IN PERFORMANCE BY THE CONTRACTOR, THE UNITED STATES ARMY ENGINEERS RESPONSIBLE FOR THE SUPERVISION OF THE PROJECT EXPECT THAT IT WILL BE COMPLETED IN 1974 SUBSTANTIALLY BEFORE EXPIRATION DATE OF THE TWENTY-YEAR MAINTENANCE PERIOD STIPULATED IN THE 1950 HIGHWAY CONVENTION END QUOTE. QUARTERLY PROGRESS REPORTS HAVE BEEN SENT TO THE FONOFF SUBSEQUENTLY.

5. ON MARCH 5, 1974. THE REHABILITATION OF BOYD-ROOSEVELT HIGHWAY WAS DISCUSSED WITH FONOFF OFFICIALS DURING A MEETING OF THE INFORMAL WORKING COMMITTEE ON CANAL ZONE MATTERS. MENTION WAS MADE THAT, IF THE 1950 CONVENTION WERE TO BE TERMINATED, WRITTEN NOTICE TO THAT EFFECT WOULD HAVE TO BE GIVEN BY APRIL 1974. COMMENT: NO PARTICULAR REACTION BY EITHER THE VICE MINISTER OF FOREIGN RELATIONS OR THE DIRECTOR OF THE OFFICE OF UNITED STATES AFFAIRS WAS EVIDENCED.

6. ON MARCH 13, 1974, AMBASSADOR SAYRE REMINDED THE PRC DURING ITS 378TH MEETING OF THE NEED TO NOTIFY PANAMA PRIOR TO APRIL 10, 1974 IF THE UNITED STATES WISHES TO TERMINATE THE 1950 HIGHWAY CONVENTION. AMBASSADOR SAYRE STATED THAT PANAMA EXPECTS TERMINATION AND ASSUMPTION OF RESPONSIBILITY FOR MAINTENANCE OF THE HIGHWAY WHEN THE CONVENTION WOULD EXPIRE AT THE END OF TWENTY YEARS IN APRIL 1975. PRC AGREED THAT EMBASSY SHOULD SEND MESSAGE TO WASHINGTON RECOMMENDING THAT 1950 HIGHWAY CONVENTION SHOULD BE TERMINATED, NOTING THAT UNDER OTHER EXISTING AGREEMENTS THE OFFICIAL AND PRIVATE VEHICLES OF THE UNITED STATES WILL CONTINUE TO HAVE ACCESS TO PANAMANIAN ROADS, AND THAT EMBASSY BE AUTHORIZED TO SO INFORM GOP IN WRITING NOT LATER THAN APRIL 10, 1974.

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